

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Taking over of the power bonds of the DISCOMS issued under Financial Restructuring package of Government of India – Orders-Issued.

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FINANCE (PF&NABARD) DEPARTMENT

G.O.Ms.No. 34

Dated: 31-03-2015

Read the following:-

1. Office Memorandum No. 20/11/2012-APDRP, dt. 05-10-2012 by the Ministry of Power, Government of India, New Delhi.
2. G.O.Ms.No.62, Energy (Power-III) Department, dated 14-11-2013.
3. G.O.Ms.No.134, Finance (DCM.II) Department, dated 31-05-2014.
4. Letter No. 40(1)PF-1/2011, dated 13-3-2015 from the Department of expenditure (PF-I- Division), Ministry of Finance, Government of India, New Delhi.
5. D.O.Lr. No. IDMD.No.1957/08-03-2011/2014-15, dated 27-3-2015 from the Reserve Bank of India, Mumbai.

ORDER:-

Government of India in the O.M. first read above has notified a scheme for Financial Restructuring of the State owned Discoms regarding declining operational performance and financial health. As per this Scheme, 50% of the short term liabilities are to be issued as bonds by DISCOMS on behalf of the State Government, which in turn will be taken over by the State Government over a period of 3-5 years. The responsibility of payment of principal and interest lies with the State Government from the date of issue of the above bonds. For this purpose the State Government has given guarantee for an amount of Rs.8600 crores in the combined State of Andhra Pradesh and the DISCOMs issued bonds accordingly in the year 2013-14.

2. In the Government of Order 2nd read above State Government of Andhra Pradesh agreed to assume the liability of Rs.8600crores as on 31-3-2013 by way of guaranteed bonds which will become Government Bonds in the next few years as per the fiscal space of the Government as envisaged under Financial Restructuring Package 2012 of Government of India.

3. In the Government order 3rd above, in pursuance of Section 62 of A.P. State Reorganisation Act 2014, orders have been issued apportioning the guaranteed loans (both principal and interest) outstanding as on 31-03-2014 between the successor States of Andhra Pradesh and Telangana. As per this order, the share of Andhra Pradesh regarding FRP bonds guarantee given to DISCOMs works out to Rs.3610.82 crores.

4. Government of India in the letter 4th read above, has given their consent under article 293 (3) of the constitution of India for taking over the liabilities of Rs.1514.82crores of Power Discoms in terms of the Government of India schemes for Financial Restructuring of State Discoms. This consent given by the Government of India in addition to the open market borrowings already allowed to the State Government of Andhra Pradesh during 2014-15. In the letter 5th read above, the Reserve Bank of India has also permitted to issue special securities for taking over of these bonds.

5. Keeping in view the features of the Financial Restructuring Package of Government of India, the State Government has decided to take over the bonds to an extent of Rs.1500 crores as first tranche from the allocation share of residuary State of Andhra Pradesh as ordered in the Government Order 3rd read above.

6. Taking over of the liability shall be adjusted in the Government Accounts by making a contra entries under the following Head of Accounts. The expenditure on taking over of the liability shall be debited to "2801-Power-05 transmission and distribution –MH800 other expenditure – SH(12) assistance to discoms for taken over of the FRP bonds – 310 Grant-in-aid – 312 Other grants –in-aid and contra credit shall be taken under the

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head of account "6003 Internal debt of the State Government – MH106 Compensation and other bonds-SH(06) FRP Bonds taken over from Discoms".

7. The Accountant General, A.P., Hyderabad, is requested to carry out adjustments in their books of accounts during 2014-15 as mentioned in para 6 above.

8. The Energy Department, A.P., Hyderabad, are requested to take further necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

L. PREMACHANDRA REDDY
SECRETARY TO GOVERNMENT (B&IF)

To
The Energy Department.
The Accountant General, A.P., Hyderabad.
The A.P. Tranco, Hyderabad.
The Reserve Bank of India, Mumbai.

//FORWARDED:: BY ORDER//

SECTION OFFICER